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ARTICLES:

- (1) USDA inspectors found no record of removal of risk materials from beef to prevent BSE in three-fourths of audited facilities,

underscoring slipshod compliance with procedures

YOMIURI (Page 1) (Full)
Evening, February 3, 2006

By Eiji Hirose in Washington

The Office of Inspector General of the US Department of Agriculture on Feb. 2 released an internal auditing report on compliance with BSE preventative measures inside the United States. Of the 12 meat processing facilities audited, nine or three-fourths were found to have no records of whether BSE-related specified risk materials, such as cow brains, had been removed, underscoring once more the sloppiness of the inspection system.

In addition, there were no records of how frequently USDA inspectors sent to the facilities had carried out inspections, which the report pointed out "made it impossible to judge" whether inspections were proper or not.

In January, an inspector at a processing plant in New York City who was unaware of Japan's import criteria allowed beef with backbones to be shipped in violation of the conditions, resulting in a second ban on US beef imports into Japan. The USDA auditors report has proved that irresponsible inspection is systemic and the New York case was not an exception.

(2) LDP leadership losing influence due to Livedoor scandal, US beef import issue, Bid-rigging involving DFAA, quake-resistance data scam; LDP's factions critical of hasty approval of revision of Imperial House Law, New Komeito reluctant again to approve proposal of upgrading Defense Agency to ministry status

NIHON KEIZAI (Page 2) (Full)
February 3, 2006

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Although the government and ruling Liberal Democratic Party (LDP) aim to pass important bills, including a bill revising the Imperial House Law and another upgrading the Defense Agency to the status of a ministry, it now remains uncertain whether they will be able to pass either of those bills during the current Diet session. The reasons are that the opposition camp has gained greater strength, having as its weapons a set of four issues, including the Livedoor scandal and a bid-rigging involving the Defense Facilities Administration Agency (DFAA), that it is using to attack the government and ruling camp. In addition, the political dynamics in the LDP has changed suddenly. Criticism of the party executive, which had been contained since the LDP won a landslide victory in last year's House of Representatives election, has now begun erupting in the party. The party executives intend to respectfully carry out coordination, but they are having a hard time coping with the criticism.

A dozen or so LDP lawmakers, including Hakubun Shimomura, called on General Council Chairman Fumio Kyuma at party headquarters yesterday afternoon and urged him to be cautious about submitting the bill to revised the Imperial House Law to the Diet. They told Kyuma, "We want the party to be careful about a submission of the bill revising the Imperial House Law."

Kyuma then revealed that the party would aim at a soft-landing, saying, "I think we need to reach an agreement on the matter so as not to create bitter feelings." Shimomura, however, said to reporters, "There is a possibility that if nothing is done, the Lower House may be dissolved."

Yoshiro Mori, chairman of the Mori faction to which Shimomura belongs, urged his faction members in a meeting at noon yesterday to refrain from engaging in activities that are critical of the leadership, but soon after, Shimomura stood up in rebellion to the leadership.

There was a view common to the Ibuki and Komura factions favoring

caution regarding the revision of the Imperial House Law, which is designed to allow females and their descendents to ascend to the Chrysanthemum Throne. The Japan Conference, a suprapartisan group of Diet members chaired by Takeo Hiranuma, has collected signatures from 135 LDP lawmakers as of Feb. 1. on a document seeking prudence on revising the Imperial House Law

New Lower House members of the LDP dubbed "Koizumi's children" are no exception. A group of 15 newcomers, including Masaaki Akachi, decided yesterday to hand over a document with their signatures to Prime Minister Koizumi calling for "cautious handling" of the amendment bill.

Koizumi underscored yesterday his intention to submit the bill to the ongoing Diet session, telling reporters, "If debate on the bill is conducted, I'm sure that the measure will be approved." The LDP executives appear to be alert to criticism in the party, one member noting, "It is problem that the mood has been created that it is allowable to openly criticize the prime minister."

Such a mood is now spreading in the New Komeito, as well. Propelled out by the bid-rigging scandal involving the DFAA, a cautious view on a proposal of upgrading the Defense Agency to ministry status is growing again in the New Komeito. One member said: "Until the end of last year, when we opposed any LDP

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policy, we were labeled 'forces of resistance.' But we now don't need to worry about it."

Regarding a revision of the Basic Education Law, on which the LDP and New Komeito have been at odds, the LDP is now being forced to handle the matter carefully. A study panel of the ruling bloc resumed discussion on the revision of the education law on Feb. 1 for the first time in six months, but the LDP did not come up with a more penetrating stance, with one member remarking, "It is good that a consensus will be reached before the end of the current session."

The LDP has insisted that the word "patriotism" be incorporated in its principles on education, but the New Komeito has been reluctant to do so. Therefore, an in-depth debate has yet to be carried out in the ruling camp. The LDP would like to submit a bill revising the basic education law to the Diet without irritating the New Komeito. Some party members are worried, though, that time is running out.

(3) Editorial: Reform of TSE; Measures urged to prevent stock market from becoming a "casino"

MAINICHI (Page 5) (Full)
February 1, 2006

Two weeks have passed since a fraudulent accounting scandal involving Livedoor Co. shocked the nation. In response to the news of raids on Livedoor offices made by the special investigation unit of the Tokyo District Public Prosecutors Office, the key Nikkei Stock Average nosedived, but since then, the market has rapidly rebounded, with the average now exceeding the highs recorded before the Livedoor shock. However, aftershocks from the scandal still persist in the Tokyo Stock Exchange (TSE).

As a result of stock splits, Livedoor issued one billion shares. In addition, its minimum trading unit is just one share, so investors can participate in the stock market with only 100 yen or so.

Livedoor's stock has become the target of a money game. Buy and sell orders have poured into the Internet business operation, the company's aim being to boost profit margins over a very short period. In order to prevent another computer system crunch due to such heavy transactions, the TSE now only allows investors to trade Livedoor shares for only an hour a day.

Last year, a computer system problem forced the TSE to suspend

trading twice. Taking responsibility for the incidents, the former president resigned, and Taizo Nishimuro now serves as president, in addition to holding the chairmanship. Just after he began to make efforts to improve the computer system, the Livedoor shock took place, throwing the market into confusion again on Jan. 18.

As part of efforts to deal with computer glitches, the TSE has set up a new post of chief information officer (CIO). On Jan. 30, it began to operate a new system for the settlement of trade accounts in order to boost the capacity of its computerized trading system to deal with 7 to 8 million transactions a day by the end of the year.

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The boost of TSE capability is not enough, though. The number of individual investors is increasing, and about 3 million persons reportedly are now engaged in securities trading on the Internet. It is also expected that an increasing number of individuals will engage in securities trading by using a computer program designed to judge market moves and automatically buy and sell shares. In such a case, the volume of transactions will increase even faster than now.

Of course, it is not correct to say that all Internet-based investors have carried out transactions in small volumes of shares at frequent intervals.

Although the numbers of individual investors and transactions are significantly increasing, individuals' shareholding ratio stays at a 20 PERCENT level - almost the same as that of 20 years ago.

In an effort to direct savings into the investment market, the government took measures to lower commissions through intensified competition among securities companies and also to enable investors to buy shares even with small amounts of money due to stock splits. In actuality, though, the shareholding ratio of individual investors has not remarkably increased. Rather, the stock market has been somewhat at a deadlock.

The growth of liquidity is a favorable condition to energize the stock market. But with that aspect alone, transactions on the Internet will inevitably become more similar to casino games in nature.

It is necessary for the TSE to make efforts not to cause trading rush hours, in addition to strengthening the computer system. The Financial Services Agency is reportedly planning to set up an expert council to work out TSE-reform plans, but it should also look into the possibility of restricting share splits once again, introducing a charging system in line with the volume of transactions, and creating a system to deal with orders outside the market.

(4) Koizumi diplomacy-light and shadow: Japan, US, China locked with instability (Part 4): Japan lobby straying off into Africa for UNSC seat, forestalled in its UN strategy

MAINICHI (Page 2) (Full)
February 2, 2006

On Jan. 23, when Japan was in an uproar over the arrest of Livedoor Co.'s president, the African Union (AU), consisting of 53 nations, held a summit meeting of leaders in Khartoum, the capital of the Sudan in the northern part of Africa.

Those AU leaders met in a new building that faces the Nile. The building, named Friendship Hall, was erected last year with China's grant aid. It is a magnificent international conference hall with guesthouse functions, and its electrical equipment, such as lighting, was also installed by the hands of Chinese engineers. In the pressroom were about 50 personal computers presented by China. The PCs there could handle Arabic and Chinese characters, as well as the English alphabet. There were five reporters from Xinhua, the Chinese state news agency. They were

bustling in and out.

Pro-Japan Nigerian President Obasanjo, who presided over the AU

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from 2004, has stepped down. At the AU summit, Congo Republic President Sassou-Nguesso was elected to fill Obasanjo's shoes in the AU. Sudanese President Al-Bashir, whose country hosted the AU summit, was also elected to chair the AU next year on condition that the Sudan improves the human rights situation in Darfur in the west of the country. All eyes in the world are on the oppression there.

The United Nations is made up of 191 members, and nearly a third of them are AU nations. The AU will therefore affect the fate of UN Security Council (UNSC) reform. One Japanese ambassador posted in Africa has paid close attention to the AU summit. "When the AU was under Obasanjo, we could work together with the AU to reform the UNSC," the envoy said. He added, "But we can no longer expect to do so."

In 2004, Japan's official development assistance (ODA) to Africa totaled approximately 75 billion yen, and China's aid amounted to about 85 billion yen around the world. However, China employs its own materials and workers for its ODA projects. Accordingly, the facts about China's foreign aid do not appear in statistical figures. China is also moving into countries that suppress human rights or are suspected of sponsoring terrorism, while the United States and Japan stay away from these regions. Xinhua has branched out into a total of 17 countries in Africa. When it comes to the Japanese media, Kyodo News has set up the largest number of branches in Africa. However, even Kyodo has just three branches in Africa, and the Mainichi Shimbun has two.

In his policy speech before the Diet in January last year, Prime Minister Junichiro Koizumi stressed Japan's bid for a permanent seat on the UNSC. In his parliamentary address this year, however, he did not refer to the matter. In July last year, Japan formed the Group of Four (G-4) with Germany, India, and Brazil. The G-4 moved a resolution to the United Nations for UNSC seats, but the resolution failed. Koizumi's failure to mention the matter this year is only natural.

The Japanese government, already spending a huge amount of money on ODA to Africa for years, expected the AU to support Japan's position. Tokyo downplayed China's move to block Japan's UNSC ambitions. Japan and China have now changed places with regard to their influence in Africa. On Aug. 4 last year, the AU held an ad hoc meeting of leaders in Ethiopia. Zimbabwe President Mugabe suddenly pounded the table and shouted: "We should not compromise with the G-4!" The AU leaders met to consolidate UNSC reform resolutions separately prepared by the G-4 and the AU. "His remark changed the tide," an AU source said. Many diplomats there perceived that it was a "calculated performance" intended to speak for China. Right before that, Mugabe visited China and inked an economic cooperation document with Chinese President Hu Jintao.

"We were taken in by China's maneuvering of the AU without any clear-cut action in response." With this, one experienced Japanese diplomat owned up to China's move.

Tokyo also misread Washington's bottom line. After the G-4's proposal failed, Japan tried to look into the United States' negative position about expanding the UNSC lineup. Japan then presented the United States with the idea of limited UNSC expansion and looked for a compromise with the United States. On Jan. 31, however, US Ambassador to the United Nations Bolton

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flatly rejected the idea when he was asked by reporters in New York about the matter. "Japan has not come up with any proposal that can win broad agreement," he said.

In a September 2004 session of the UN General Assembly, Koizumi stressed his desire for a UNSC seat. He now appears to be disinterested in UNSC reform, and Foreign Ministry bureaucrats are losing their confidence. Japan's UN diplomacy has now lost its way and is straying off course.

(5) Iraq as viewed through the eyes of journalist Mika Yamamoto: People crave more security and freedom, suppressing anti-US feelings; Longer SDF mission being sought

TOKYO SHIMBUN (Pages 24, 25) (Abridged)
February 3, 2006

About three years have passed since the United States attacked Iraq in the name of "War on Terrorism" based on the allegation that the country possessed weapons of mass destruction. Although a legislative election took place in December, there seems to be no end to violent attacks by armed insurgents in Iraq. Mika Yamamoto, 38, of Japan Press sat with the Tokyo Shimbun's Yoichi Takenaka to discuss the latest situation in Iraq.

Yamamoto stayed in Baghdad and Samawah, where Self-Defense Force troops are stationed, from Dec. 22 through Jan. 16. It was her seventh trip to Iraq. The security situation has changed drastically over the last three years since the Iraq war.

Yamamoto said:

"Security in Baghdad has significantly worsened. You can hear explosions everyday. In our trip from the airport to the Hotel Palestine, we avoided taking any conspicuous cars and following US military vehicles because we didn't want to be get involved in an explosion. We also hired guards to prevent being kidnapped. I needed to practice maximum caution, and I didn't reveal any information on my activities to anyone except the people traveling with me."

The top priority for citizens in Baghdad has also changed from an immediate withdrawal of the invading forces to improved security.

Yamamoto continued:

"I heard a lot of Baghdad citizens saying that the multinational force should take responsibility, that their departure from the country under the current situation would throw Iraq into greater chaos, and that they should stay in the country until Iraq becomes a safer country. They of course want the foreign troops out of their country once public security returns to Iraq. Their fear that they might become victims of a terrorist attack while shopping, for instance, is suppressing their dislike for US forces."

Yamamoto visited Baghdad for the first time in March 2003, just three days before the Iraq war started. At the hotel, there was only one menu, instead of three, and everything tasted like ketchup. The three state-run television stations constantly aired programs featuring Saddam Hussein's speeches and war songs, which nobody watched them. Those days are gone.

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"Today, foreign electric appliances and foodstuffs are readily available. People can also enjoy tasty meals at any restaurant and watch programs on about 30 channels, such as CNN and FOX. Some people watch Hollywood movies all night long."

During her stay in Iraq, the United Iraqi Alliance, Iraq's most powerful Shiite Muslim alliance, won the most seats but not a clear majority in the nation's first constitutional national election.

Yamamoto explained the results this way:

"Many people said to me that they didn't want the Shiite alliance to take a majority and turn Iraq into an extremely Islamic state. There are only a few clerics who are really radical. Everybody

wants to eat good food, watch television, listen to music, and enjoy freedom. Many people expressed their fear that a Shiite-led government would result in alliance with Iran that would eventually suppress their freedom."

Yamamoto has visited Samawah, where the SDF camp is located, on four occasions, including one in December 2003. Samawah citizens have been split on the SDF's reconstruction assistance. Visiting the city for the fourth time, Yamamoto felt that their discontent with Japan's assistance has grown stronger. The government has begun making arrangements with Britain and Australia to begin pulling out Japanese troops in March.

"People in Samawah were aware that the SDF would withdraw. Many people indicated that the withdrawal would have no impact on their life, while some expressed regret, saying they hoped to see the SDF's active involvement in rebuilding and revitalizing the city. They didn't seem to quite understand why the Japanese troops have to pull out of Iraq in just two years."

The poor evaluation of Japan's assistance in Samawah is largely ascribable to the SDF's inability to showcase their activities. A series of mortar attacks and a roadside explosion that damaged an SDF vehicle have forced Japanese troops to confine themselves in their camp hidden from the eyes of Samawah citizens.

"I saw SDF troops providing clean water only occasionally for security reasons. Most of the time, Iraq people carried out such an activity, and SDF troops visited supply facilities only sometimes to oversee restoration work. All those things can explain why their assistance is not widely recognized in Samawah. I was asked often, 'Where are the SDF troops?' or 'When are they coming out of their camp?'"

The SDF's activities have bore fruits in some parts of the city. During her latest visit to Samawah, Yamamoto took a firsthand look at the water treatment plant SDF troops have repaired. They have installed new water tanks and new pipes. As a result, clean water reserves have increased by six fold.

"Water from that plant is being distributed to people in the vicinity of Samawah with no tap water. The inner city people would complain, 'SDF troops don't come here with water. Where are they?' Although the city has a water system, quantity is small and water's quality is poor. People are still in need of clean water."

Yamamoto also interviewed locals at a site where a large power

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plant will be built with Japan's official development assistance (ODA). But Japan's efforts are not always appropriate.

"Samawah's pattern today is that power is on for two hours and out for five hours. The plant's director said, 'The new plant will dispel the discontent of the households in the city.' He was also hopeful that the new plant would create 5,000 jobs. I wonder why Japan didn't build such a plant first?"

Yamamoto still felt that the majority of Iraqi people had favorable feelings toward Japan. People who came in contact with SDF troops described them as 'friendly' and 'peaceful,' according to Yamamoto. What Japan should do for the future of Iraq?

"Iraqis know that Japan took part in the Iraq war. So Japan needs to support Iraq's nation-building efforts in a responsible manner. Iraqi people won't give high marks to the way Japan has been proving assistance. Initiating projects is not enough. Iraqi people would think Japan has used the SDF mission for keeping a good relationship with the United States in the name of reconstruction assistance."

Mika Yamamoto: Born in 1967 in Tsuru City, Yamanashi Prefecture; became freelance journalist in 1996 after serving as CS reporter after graduating from Tsuru University; covered Afghanistan

before and after the 9/11 terrorist attacks on the US; coverage on wartime Iraq won the Vaughan-Ueda Memorial Prize in 2003; served as NTV newscaster from 2003 to 2004; publications include a book Chukey Sarenakatta Bagudaddo (Baghdad That Was Not Reported Live) published by Shogakukan.

SCHIEFFER